



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of California-American Water Company (U 210 W), to Decrease Revenues for Water Service in its Coronado District by (\$73,100) or (0.46%) in 2008 and Increase Revenues by \$266,200 or 1.67% in 2009 and \$260,900 or 1.61% in 2010	A.07-01-036
Application of California-American Water Company (U 210 W), to Increase Revenues for Water Service in its Larkfield District by \$1,272,000 or 61.91% in 2008, \$134,300 or 3.94% in 2009 and \$129,900 or 3.67% in 2010 Under the Current Rate Design or Decrease Revenues by (\$742,200) or (36.12%) in 2008 and Increase Revenues by \$50,000 or 3.72% in 2009 and \$63,500 or 4.55% in 2010 Under the Proposed Rate Design	A.07-01-037
Application of California-American Water Company (U 210 W), to Increase Revenues for Water Service in its Sacramento District by \$8,966,900 or 33.89% in 2008, \$1,905,700 or 5.36% in 2009, and \$1,860,700 or 4.97% in 2010 Under the Current Rate Design or by \$10,981,000 or 41.50% in 2008, \$1,925,900 or 5.11% in 2009 and \$1,845,600 or 4.66% in 2010 Under the Proposed Rate Design	A.07-01-038
Application of California-American Water Company (U 210 W), to Increase Revenues for Water Service in its Village District by \$1,537,300 or 7.43% in 2008, \$243,400 or 1.08% in 2009, and \$232,900 or 1.02% in 2010	A.07-01-039

REPLY COMMENTS OF THE DIVISION OF RATEPAYER ADVOCATES

I. INTRODUCTION

Pursuant to Rule 12.2 of the California Public Utilities Commission's ("Commission") Rules of Practice and Procedure ("Rules"), the Division of Ratepayer Advocates ("DRA") files this Reply to *Mark West Area Community Services Committee's ("MWACSC") Comments on the Settlement Agreement As to Certain Issues Between the Division of Ratepayers Advocates and California*

American Water Company on the Revenue Requirements – Larkfield District (“Settlement Agreement”). MWACSC’s Comments do not identify any flaws in the Settlement Agreement. The Settlement Agreement is consistent with the law, supported by the record and in the public interest.

II. THE SETTLEMENT PROCESS WAS CONSISTENT WITH THE COMMISSION’S RULES OF PRACTICE AND PROCEDURE AND ITS POLICY OF ENCOURAGING SETTLEMENT

MWACSC’s assertion that it was excluded from settlement negotiations between DRA and California-American Water Company (“Cal Am”) has no merit. DRA and Cal Am complied with Rule 12.1’s requirement that “[p]rior to signing any settlement, the settling parties shall convene at least one conference with notice and opportunity to participate provided to all parties for the purpose of discussing settlements in the proceeding.”

DRA and Cal Am satisfied Rule 12.1 by having three all-party settlement conferences prior to the signing of the Settlement on July 5, 2007. On April 24, 2007, DRA, Cal Am and MWACSC met at the Commission to discuss issues related to the Larkfield District. All three parties met again at the Commission on May 25, 2007. Finally, a telephonic conference between the three parties occurred on June 11, 2007. While there was some confusion as to the date and time of this meeting on the part of MWACSC, all parties eventually discussed the settlement via telephone on June 11.

MWACSC’s has expressed discontent with the outcome of the settlement discussions. However, the Commission’s Rules do not require or expect that parties in a proceeding arrive at an all-party settlement, only that they meet once to discuss settlement prior to any settlement being signed.

Lastly, MWACSC’s contention that it should be included in every settlement discussion is unreasonable and impractical. The Commission’s policy of encouraging settlements is intended to promote overall efficiency in its proceedings. The Larkfield District application is only one of the four general rate

case applications being considered in this proceeding. As a normal part of the process, DRA and Cal Am met to discuss the many issues concerning each of the other three districts besides Larkfield. The inclusion of MWACSC in every meeting between DRA and Cal Am regarding this proceeding would run contrary to the Commission's policy on settlements since MWACSC has no concerns regarding the Coronado, Sacramento or Village applications.¹ Moreover, MWACSC's contention it has been improperly excluded from negotiations is belied by its participation in three distinct meetings regarding the Larkfield Settlement Agreement.

III. CONCLUSION

For reasons discussed above, DRA respectfully requests that the Commission adopt the Settlement Agreement in its entirety.

Respectfully submitted,

/s/ MARCELO POIRIER

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August 20, 2007

¹ MWACSC did not submit testimony concerning issues specific to the Coronado, Sacramento and Village districts.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of REPLY COMMENTS OF THE OFFICE OF RATEPAYER ADVOCATES in A.07-01-036, et al. by using the following service:

[X] **E-Mail Service:** sending the entire document as an attachment to all known parties of record who provided electronic mail addresses.

[X] **U.S. Mail Service:** mailing by first-class mail with postage prepaid to all known parties of record who did not provide electronic mail addresses.

Executed on August 20, 2007 at San Francisco, California.

/s/ CHARLENE D. LUNDY

Charlene D. Lundy

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address and/or e-mail address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

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